AN APPLICATION OF SWOT-AHP TO DEVELOP A STRATEGIC PLANNING FOR A TOURIST DESTINATION

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ABSTRACT

The purpose of this study is to evaluate the critical factors in strategic planning and to utilize them in developing effective strategies for Chuncheon, a tourist destination in South Korea. It would be crucial for policy makers to understand the relative importance of environmental factors. To support their decision making process, a SWOT analysis was used in combination with an analytic hierarchy process (AHP) in this study. Fifteen SWOT factors and the relative weight of SWOT groups were examined through focus group interviews with policy-makers in Chuncheon. The result can be utilized to prioritize factors to develop effective strategies in Chuncheon or similar tourist destinations.

Keyword: SWOT-AHP method, multiple criteria decision making (MCDM), tourist destination, strategic planning

INTRODUCTION

A tourist destination (or a destination) traditionally refers to a well-defined geographical area such as a country, an island, or a town which is dependent to a significant level on the revenues accruing from tourism (Davison & Maitland, 1997; Hall, 2000). In South Korea, competition among domestic destinations has noticeably increased since 1995, when the local municipality system became operative (Lee, 2008). Accordingly, the local governments have been anxious to keep their economical health in a good shape for maintaining political independence as well as to improve economic opportunities. To achieve this goal, policy makers of tourist destinations should understand the relative importance of tourism as well as to use multiple criteria to analyze their complex problems (Saaty, 1990). Evaluating the overall environment of a tourist destination is a multiple criteria decision making (MCDM) problem, and it is crucial for policy makers to implement effective strategies to promote their destinations (Weihrich, 1982). In this study, the internal and external environments of Chuncheon in South Korea were selected as a MCDM problem for the policy makers.

The purpose of this study is to evaluate the critical factors in the strategic planning and to utilize them in developing effective strategies for Chuncheon, a tourist destination in South Korea. The research questions developed in this study are as follows:

- Q1: Are there any differences in the importance of each group (i.e., strengths, weaknesses, opportunities, threats, SWOT)) when tourism policy makers develop their strategic planning for destination marketing?
- Q2: Which factors in each group (i.e., SWOT) are more important for tourism policy makers in developing their strategic planning?
Q3: How can tourism policy makers analyze internal and external environments more precisely using the Analytical Hierarchy Process (AHP)?

Q4: Based on the significant factor(s) found in each group (i.e., SWOT), how can policy makers implement effective strategies for Chuncheon, a tourist destination?

LITERATURE REVIEW

In the tourism industry, a destination’s environments can play important roles for examining its competitiveness. Therefore, decisions related to tourism should be considered for possible environmental changes by approaching and analyzing them systematically (Mihali, 2000). The internal and external factors most important to the enterprise’s future are referred to as strategic factors and they are summarized within the SWOT analysis (Kahraman, Demirel, & Demirel, 2007). Pike (2005) suggested that a SWOT analysis is an effective tool for achieving strategic objectives that correspond with an organization’s resources and environmental opportunities in destination marketing. The SWOT analysis is conventionally used for an enterprise, but can be applicable for the larger levels for example, at the destination level (Falulkner, 2002). Strategic planning for a destination could be a challenging process since there are many possible strategies derived from the evaluation of environmental factors. Decision making without systematic approaches will apparently result in less effective strategies for a destination. By addressing four research questions, this study aims to help policy makers not only to realize important factors of the tourist destination, but also provide an analytical tool for developing effective strategies for a destination.

METHODOLOGY

Kurttila, Pesonen, and Kangas (2000) pointed out the technical limitations of the SWOT analysis due to its impreciseness and lack of a quantitative examination. Thus, they introduced a SWOT-AHP hybrid method with which a SWOT analysis can improve its usability. The analytic hierarchy process (AHP) was initially developed by Saaty in 1980 and has been widely used for solving multiple criteria decision making (MCDM) problems. The basic formula of AHP is paired comparisons among each criterion, and the results of paired comparisons demonstrate the overall ranking in the decision task. Consequently, AHP can provide a quantitative measure of the importance of SWOT factors in this study. The analysis based on the SWOT–AHP hybrid method has been used in various areas such as energy, agriculture, and the machine-tool industry, but not in many cases for the tourism industry (Kaharaman, Demirel, & Demirel, 2007). The steps of SWOT-AHP we applied to Chuncheon are as follows: (1) SWOT analysis, (2) paired comparisons between SWOT factors within each SWOT group, (3) paired comparisons between the four SWOT groups, and (4) a strategy formulation from the results.

RESULTS

A SWOT matrix of given destination, Chuncheon, has been developed (Table 1). This framework captured the important environments of Chuncheon, and objectified them from the general literature, while evaluating the critical issues of Chuncheon. The local and global priority of SWOT factors were calculated, and the results were illustrated with a graphical interpretation in Figure 1. Table 2 demonstrates the result of the relative weight scores of the SWOT group; the strengths group turned out to be highest followed by weaknesses, opportunities, and threats. With regard to the overall relative weight of factors, ‘Various
cultural resources’ was identified as the most important factor followed by ‘Lack of tourism product’, ‘Abundant natural resources’, ‘Increased needs for short-term travel’, and ’Location and accessibility’

Table 1
SWOT Analysis and descriptions of factors for Chuncheon in the tourism market

<table>
<thead>
<tr>
<th>Classification</th>
<th>Description</th>
</tr>
</thead>
</table>
| S1. Location & Accessibility | Highway & express train  
(Crouch & Ritchie, 1999)  
- Close to cities and airport  
- Mountains (14), lakes (3), islands (2), and waterfalls (2) etc. |
| S2. Abundant natural resources | Capital of the region  
(Buhalis, 2000)  
- Located regional administrative agency |
| S3. Administrative supports | - Hallyu sites, cultural events (10), museums & galleries (14), and distinctive local foods etc.  
(Gibson, Lynch, & Morrison, 2005) |
| S4. Various cultural resources | - Low government investment (5.71% of total budget)  
(Buhalis, 1998)  
- Weak private investment |
| Weaknesses | - Lack of tourism information centers and directional signs  
(Baloglue, 1999)  
- Low standards of accommodations  
(Kozak, 2002) |
| W3. Immature civic awareness | - Residents’ passive attitude on the tourism market  
(Kozak, 2002)  
- Lack of professionalism of industrial workers |
| W4. Undeveloped tourism products | - Lack of tourism products that can entice tourists into spending  
(Buhalis, 1998)  
- Less distinctive tourism products compared to other destinations |
| Opportunities | O1. Hosting of international event | World Leisure Congress in 2010  
(Morgan, 2004) |
| O2. Expansion of new tourism markets | International mime festival every year  
(Poon, 2003)  
- Market expansion for new tourism (e.g., medical tourism, MICE and cruise opportunities, auto camping etc.) |
| O3. Increased needs for short-term travel | Short length of travel is preferred  
(KTO, 2009) |
| O4. Increased foreign visitor | - Increased frequent visitors  
(KTO, 2009)  
- Appreciation of Japanese Yen  
- Hallyu all over the Asia |
| T1. Fierce competition | Competition among domestic and international destinations  
(Cracolici, 2006) |
| T2. Restricted development & regulation | - Water Conservation Zone  
(Huybers, 2003)  
- Tight regulations on private sectors of tourism |
| T3. Economic recession | - Decreased demands for travel  
(Aktas, 2005) |

Table 2
Priorities of Comparisons of the SWOT Groups and Factors by Policy Makers

<table>
<thead>
<tr>
<th>SWOT Group</th>
<th>Group Weight Score</th>
<th>Priority</th>
<th>SWOT factors</th>
<th>Local weight score</th>
<th>Overall weight score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengths</td>
<td>0.414</td>
<td>1</td>
<td>S1. Location &amp; Accessibility</td>
<td>0.175</td>
<td>0.072</td>
</tr>
<tr>
<td></td>
<td>SWOT Group</td>
<td>Weight Score</td>
<td>Score</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------</td>
<td>-------------------------------------</td>
<td>--------------</td>
<td>-------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Weaknesses</td>
<td>S2. Abundant natural resources</td>
<td>0.237</td>
<td>0.098</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>S3. Administrative supports</td>
<td>0.1</td>
<td>0.041</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>S4 Various cultural resources</strong></td>
<td>0.488</td>
<td>0.202</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W1. Inactive investment</td>
<td>0.171</td>
<td>0.045</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W2. Insufficient tourism infrastructure</td>
<td>0.236</td>
<td>0.063</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>W3. Immature civic awareness</td>
<td>0.112</td>
<td>0.029</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>W4. Lack of profitable tourism products</strong></td>
<td>0.481</td>
<td>0.127</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opportunities</td>
<td><strong>O1. Hosting of international event</strong></td>
<td>0.118</td>
<td>0.026</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td><strong>O2. Expansion of New tourism market</strong></td>
<td>0.318</td>
<td>0.070</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>O3. Increased needs for short-term travel</strong></td>
<td>0.39</td>
<td>0.086</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>O4. Increased number of foreign visitor</td>
<td>0.174</td>
<td>0.038</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Threats</td>
<td>T1. Fierce competition</td>
<td>0.275</td>
<td>0.028</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>T2. Restricted development &amp; regulation</td>
<td>0.209</td>
<td>0.021</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>T3. Economic recession</strong></td>
<td>0.517</td>
<td>0.052</td>
<td></td>
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</tr>
</tbody>
</table>

Note. Local weight scores indicate the level of priority with respect to each SWOT group. The greatest weight score within the SWOT group in boldface. Overall weight scores are calculated by multiplying the local weight score within the SWOT group by the group weight score. For example, the overall weight score of S.4 is “0.488 × 0.414=0.202.”

**Figure 1**

Graphical interpretation of Expert’s decision preference towards tourism planning

**CONCLUSIONS & IMPLICATIONS**

The key findings of this study are summarized as follows: First, the participants considered internal factors more important than external factors in making their decisions related to Chuncheon, South Korea. Second, the three top factors were all associated with tourism resources in Chuncheon. This result indicates that policy makers fully appreciated the strategic importance of internal factors, and they were planning to turn tourism resources eventually into profitable products to the tourism market. This study provides an important contribution to the industry by suggesting a new approach to enhance policy makers’ discussions related to both internal and external environments of their destinations. If policy makers of tourist destinations utilize the approach of this study (SWOT-AHP), they will be able to obtain a more comprehensive decision making tool for their effective strategic planning than using a traditional method (e.g., SWOT).
LIMITATION AND FURTHER STUDIES

The major limitation of this study is that the sample was collected from only one tourist destination in South Korea. Thus, the results cannot be generalized to other tourist destinations. Therefore, the results from the limited area and the experts will be applicable to this case study area or other tourist destinations which have similar environments with Chuncheon. Future studies should be conducted with different tourist destinations to generalize or compare the findings of this study.

REFERENCES


